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MARKETING & MEDIA DECISIONS

March 1986 $3.00

BULLSEYE!

Yes, says [illegible], CEO of Uni[illegible] and his colleagues, they hit the [illegible] with Bloom [illegible]

MAGAZINES GET FASHION FEVER

JAVA'S JANGLED NERVES

SOUP'S ON: CAMPBELL'S VS. LIPTON

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MARKETING & MEDIA DECISIONS

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FASHION FEVER

Fashion flagships eyeing general business, and lifestyle books eyeing fashion, are crowding. What's a buyer to do?

by Fred Pfaff

Like a woman debating whether to buy a bold red dress or that understated little black number, a women's fashion advertiser looking for the right magazine to catch customers may end up in a real shopper's quandary.

The reason: The women's fashion field has gotten as crowded as Bloomingadale's at Christmas. Newsstands are packed with magazines that made their markets with a devotion to fashion and beauty. Nestled alongside sit handsome lifestyle vehicles with expanded fashion features that now draw sizable cuttings of store and manufacturer advertising. Also trying to slip in are new fashion magazines.

The rub is, it's getting tougher to tell them apart. As these targeted, upscale "women's" books change to keep pace with the expanding interests of today's woman, the lines that separate them are blurring. Almost all these magazines now pursue "lifestyle" themes. Articles on diet, money, career, health, sex, travel, autos, entertaining and entertainment — you name it — are squeezed in between fashion layouts. Or sometimes, it's vice versa. Their lifestyle pitch is evident in everything from cover blurbs to advertising trade campaign captions. The trend is as clear in the doyennes of the fashion field — *Vogue, Harper's Bazaar* — as it is in their younger counterparts — *Glamour, Mademoiselle*, new competitor *ELLE* as well as the teen-oriented *Seventeen*. The movement can also be seen in the gaggle of diverse, yet upscale lifestyle/service books looking for a piece of the fashion and accessories action, including *Vanity Fair, Connoisseur, Self, Town & Country, W* and *New York*, to name a few.

So how does an advertiser or agency make buying decisions among this group? What are the differences within this widening circle of possible buys?

The return of a strong interest in fashion can only help these magazines' cause.

Are there even enough dollars out there to support the fashion portfolios of all these publications?

While the answers to these questions are varied, the common cry among buyers is that it is becoming a veritable nightmare to sort them all out. "It can be, it really can be," sighs Roberta Garfinkle, vice president and director of print media at McCann-Erickson Worldwide, print agency for Cosmair, Inc., a major cosmetics marketer. Planners face an array of magazines that have little duplication, look very much alike demographically and are positioned largely on often hard-to-discern differences in editorial flavor. "The fashion-beauty books are very close together; the differences are very subjective, very subtle," says Garfinkle.

As the flagships *Vogue* and *Harper's Bazaar* grow fatter, and more magazines feature the same ads for the same products, "the clutter is getting hard to cut through," says John Amodeo, director of marketing and advertising for Gitano, which markets affordable copies of high-priced fashions. Buying is getting to be "a very careful and extensive process," adds McCann-Erickson's Barry Marek, until recently media planner for Cosmair's Lancôme line.

Many planners seem to be coping by adding lifestyle books to their lists to make sure their messages stand out. Consider this: Last year, fashion was the number-two ad category in *Self*, a book whose avowed focus is on fitness. And that *Cosmo* girl is batting her eyelashes at fashion advertisers. *Cosmopolitan* snagged 238.45 fashion ad pages last year and publisher Claeys Bahrenburg now has targeted 250 fashion ad pages for 1986. It seems that nearly everyone is making a pitch for the fashion and beauty business. Notes Frederick Jackson, publisher of *Town & Country*, "Even magazines like *Architectural Digest* and *House & Garden* are getting in on the fashion action."

Ironically, the grand old leaders of the fashion field invited the widening competition by broadening their focus a few years ago to pitch the professional woman. For much of their histories, *Harper's Bazaar* (born 1867) and *Vogue* (born 1892) had the fashion field pretty well sewn up. Then came women's liberation. Not only did the movement extol women to make the most of their abilities, it identified sexism nearly everywhere — including in beauty and fashion. "Career women didn't have time to read about a hem line, and they no longer wanted to read about themselves as unequal to men," explains Robert Raymond, executive director of the Council of Fashion Designers of America.

Between 1968-1972, *Harper's Bazaar* lost 650 ad pages and $4.5 million in revenues. *Vogue* lost 700 ad pages and $3.5 million in revenues.

The two leaders took the hint and changed their styles. "They had to respond to their audiences, to an anti-fashion movement," says Marybeth Russell, publisher of *ELLE*, who was then an account executive at *Women's*

TOWN & COUNTRY
LIFE AMONG THE GERMAN GENTRY
BEST SEATS AT THE BEST RESTAURANTS
NEWEST ACCESSORIES
GREAT DESSERTS
COSMOPOLITAN
35-plus and Aching for Sex
What's a Good Right-minded, Single Girl to Do
How Working Couples Deal With
The Triumphant Second Act of Mary Tyler Moore's Real Life, More Gut-Wrenching Than Any Role She's Played
Shine!
COOL CLOTHES FROM A HOT TOWN (Miami)
PROM PERFECT DRESSES
17
BEAUTY BLENDERS TO AVOID
VANITY FAIR

Different segments of the fashion market are reached by an expanding list of titles.

Wear Daily. "They broadened their editorial either in the direction of lifestyle or service, and succeeded in attracting a wider variety of advertisers."

Long viewed as the fashion authority — with more fashion ad pages and retail clout than any other women's magazine — *Vogue* is vigorously promoting its other virtues. Ad director David Rubin attests that "*Vogue* is still first and foremost a fashion magazine" — 41% fashion, 11.5% beauty, according to *Hall's Magazine Report*. But more than ever, the sales cry of "if it's in vogue, it's in *Vogue*" serves a mandate for lifestyle.

Editor-in-chief Grace Mirabella has built *Vogue* up to a solid 1.2 million circulation largely by giving the working reader a "support system" — articles on health and fitness, books, entertainment, personal finance and travel — and models she can identify with. "Models are shown doing something athletic or career-oriented," says June Leaman, senior vice president for creative marketing at Estee Lauder, Inc. "They're more total people than mere fashion plates."

Pressure to prove *Vogue* right for a range of women's products is intense. Call *Vogue* a "fashion magazine" and publisher Richard F. Shortway steams: "We're much more! We're a lifestyle magazine for upscale women" — one that claims more $40,000+ households than *Harper's Bazaar, Town & Country* and *The New Yorker*.

Little has been the same at *Harper's Bazaar* since the Hearst fashion book lured editor Anthony T. Mazzola away from its upscale cousin, *Town & Country*, in 1972. On the cover, bigger than lifesized faces of models with bold story captions have replaced original artwork from such masters as Erte. Inside, Mazzola emphasizes the link between health and fashion, and how the two can affect readers' business and personal lives. (Nevertheless, *Bazaar* adheres to a 51% fashion editorial focus.) "We're far less trendy than *Vogue*," points out publisher Martin Schrader. "We're not out there on the cutting edge of super-high fashion. We're in closer to what women can believe in or aspire to." Behind a "Style that works" cover line this month, *Bazaar* explores procrastination, stout beers and British rock-opera.

Unquestionably, wider editorial coverage has upped the page counts at *Bazaar* and *Vogue*. While fashion and beauty remain the top ad categories for the traditional fashion magazines, advertising is now sought from cars, finance, electronics, food and more. Indeed, it is the success *Vogue* and *Bazaar* have had in adding new categories, while keeping their beauty and fashion backbone, that now stirs others to enter the game, too.

Last year, in a tough magazine selling environment, *Bazaar* dropped only

4% in pages to 1,749.91, according to Publisher's Information Bureau, while *Vogue* lost 6.4% in pages to weigh in at a still-whopping 3,245.53.

"But that's clutter," responds June Leaman, senior vice president for creative marketing at Estee Lauder, Inc., who gives a glimpse at how such strength can backfire. "What's advertising, and what's editorial? It's asking a lot of the reader to go through that many ads. Some of the fashion magazines now look like huge catalogs." Other fashion advertisers such as Calvin Klein, are also getting worried that their messages are getting muddled. But "to a beauty advertiser, [clutter] is a plus," explains McCann-Erickson's Roberta Garfinkle. "We have to be where our competition is."

Still, the unease of some advertisers is giving lots of publishers an opening. A full 25% of 1985's weekly pages of *The New York Times Magazine*, including their fashion specials, came from fashion-beauty. And *Town & Country*, the elite lifestyle magazine which more than any other chronicles

Lifestyle pitch is evident . . . from cover blurbs to campaign captions.

the mores and concerns of the rich, now runs four special fashion issues a year. The magazine draws almost 60% of its advertising from fashion, beauty and jewelry advertisers. "Advertisers are realizing that they have to use two-page spreads to be noticed in *Vogue*, and they still don't overcome the clutter," claims publisher Jackson. "We're banging away at that."

Ah, but so is Gene Fahy, vice president of sales for *W*, the ritzy offshoot of Fairchild Publications Inc.'s fashion trade paper *Women's Wear Daily*. Where *Town & Country* covers the main line society crowd, *W* features the *nouveaux*. The lifestyle magazine goes bi-monthly to those who want to know the latest goings on of the Beautiful People and Fashion Victims. Beauty features are interspersed with celebrity and fashion designer interviews. Since *W* typically features new styles two months before *Vogue* and *Harper's Bazaar*, Fahy boasts, designers, retailers amd cosmetic makers are its primary advertisers.

Jockeying for the same leading edge appeal is snazzy immigrant, *ELLE*. The entry is a joint venture between Edi Sept Inc., a division of French *ELLE* publisher Hachette, and Murdoch Magazines. Publisher Marybeth Russell positions *ELLE* — which boasts striking full-bleed photography on 100-lb. cover stock and 50-lb. paper pages — as the style magazine for the affluent woman whose travels have left a taste for things international. "She already has style," says Russell. "We tell her how to fine-tune it."

As "an alternative in style and reproduction," Russell contends, "we don't have to position against another magazine." Although Russell likes to

WHERE THE FASHION DOLLAR GOES: THE TOP 15 FASHION AND BEAUTY MAGAZINE VEHICLES
January - December 1985

rank	publication	circulation	total pages	fashion-beauty pages	% of total	total revenues	fashion-beauty revenues	% of total
1	Vogue	1,196,088	3,245.53	1,957.89	51%	$71,508,634	44,497,007	62%
2	Glamour	2,357,421	2,135.97	1,200.36	56	75,370,984	47,218,334	61
3	Cosmopolitan	2,820,109	2,436.6	1,252.82	51	100,758,850	54,721,049	54
4	Harper's Bazaar	739,595	1,749.91	1,116.16	64	31,166,440	20,583,368	66
5	N.Y. Times Mag.	1,572,498	4,360.34	1,079.24	25	109,608,598	29,670,662	27
6	Mademoiselle	1,184,404	1,503.37	1,003.13	67	35,167,000	23,422,894	70
7*	Seventeen	1,199,675	1,437.69	883.92	61	34,145,984	23,521,694	69
8**	W	211,661	1,316.24	731.09	56	20,490,618	10,980,326	54
9	Self	536,774	1,181.65	640.90	54	26,265,737	15,480,767	59
10	Town & Country	429,203	1,756.04	550.18	32	26,700,691	8,268,129	31
11	Good Housekeeping	5,203,022	2,053.01	481.67	22	142,376,138	42,525,954	30
12	Essence	801,672	930.64	409.09	47	15,357,664	6,822,482	44
13	Ladies Home Journal	5,040,157	1,362.29	331.7	24	77,018,759	19,391,442	25
14	Family Circle	6,702,134	1,853.06	322.06	17	145,787,554	25,730,884	18
15	Redbook	4,204,855	1,165.02	298.93	26	57,179,376	15,623,936	27

*Bride's (circ. 408,261) and **Modern Bride (circ. 376,476), premier showcases for bridal wear, not included in general fashion. If they were, Bride's would have ranked seventh, with 995.39 pages and $11,222,335 revenues; Modern Bride would have ranked eighth, with 732.79 pages and $7,206,955 revenues.

Sources: Audit Bureau of Circulation, Publishers Information Bureau and Leading National Advertisers – fashion-beauty pages and revenues by PIB industry classifications (apparel, footwear and accessories; toiletries and cosmetics)

say *ELLE* pursues a "pure style" niche, while competitors (*Vogue, Harper's Bazaar, W, Town & Country, Vanity Fair*) have branched out, every issue since the magazine's premier last September has come closer to yet another collage of fashion and lifestyle. The March issue, for instance, has features on Katharine Ross, women innovators in music, actress Sigourney Weaver, and yes, fashion trends.

Whatever their course, the magazine's initial vital signs are good. After surpassing its first four-month ad page goal of 275 by 50 pages, *ELLE* has raised its rate base 50% to 375,000. Rates rise 50% effective in April. Russell is out there pitching alcoholic beverages automotive and travel accounts, as well as the more typical mix.

MICHAEL MELLA

Such expansion doesn't escape Michael Belluomo, vice president/editor and associate publisher of the fledgling competitor, *In Fashion*. "There is no fashion publication in America; the 'fashion' magazines are general-interest publications," he insists. A quarterly offshoot of the trade magazine *Sportswear International*, positioned as the dual-audience book of affordable fashions, *In Fashion* debuted last fall on newsstands and, in an intriguing twist, specialty boutiques.

The situation can get even more confusing in the next tier of traditional magazines — the more general interest-oriented *Mademoiselle* and *Glamour*. These books are often thought of as reaching a similar audience — young, career women with a good amount of discretionary income that usually gets spent on themselves. For their publishers, staking out separate turf can be a delicate maneuver. Both magazines are part of Conde Nast and find themselves competing for ad dollars not just against each other, but against other corporate holdings such as *Self* and *Vanity Fair*.

To ease their breathing, Conde Nast lets them live off each other a little with a package buy. A combined buy of *Vogue, Glamour, Mademoiselle, Self* and *Bride*'s starts at $136,530/four-color page.

> **"We place from our gut. There are only two choices: *ELLE* and *Vogue*."**
>
> ***Linda Cronin***
> ***Media relations coordinator,***
> ***Ann Taylor***

Ron Galotti, publisher of *Mademoiselle*, waxes philosophic about the number of lifestyle books trying to hook the fashion dollar. "For a long time," he says, "there was hardhitting editorial coming out of the working woman's publications. But how many times can you get your boss's job? The marketplace has shifted 180 degrees; people are back to doing very traditional things." So, he says, "to solicit more advertising, they've turned to this arena. What used to be article after article about employment, is now fashion-oriented — career dress and dress for vacations."

What perturbs Galotti is that some planners look at the numbers and group his magazine with *Cosmopolitan*. "The difference between us is night and day," he argues. "Helen Gurley Brown [editor] says *Cosmo* was designed to get women through the night. *Mademoiselle* is designed to get them through the day."

To mark the difference between his magazine and everyone else, Galotti is taking a bold step. He is putting *Mademoiselle* through what he terms a "re-emphasis" of its 51% fashion/beauty concentration. His goal is a position — *the* fashion-beauty magazine for young women — that stands out above demographics. "While others solicit business from every possible category," he says, "I want to become the first book in fashion and beauty."

Glamour is taking the opposite tack as the fashion-service book for young working women. Publisher E. Louis Holtermann, Jr. explains the broad "how-to" commitment that makes his book the fifth-leading newsstand seller: "We not only give our readers fashion and beauty, we give them answers to the many problems they're trying to solve. We incorporate financial, electronics, food and travel into our mix." Holtermann proudly points out that thanks to growing nutrition coverage for busy working women, food advertising in *Glamour* doubled in 1985 to about 108 ad pages.

Like Galotti, Holtermann dismisses *Cosmo* as a competitor. "It's a wish book, a fantasy book," he says. "Demographically you might see some resemblance to our reader, but the mindset is different."

All that sniping doesn't worry Claeys Bahrenburg, publisher of *Cosmopolitan*. He claims fashion marketers need broad books like his more than ever. "The fashion industry has marketed purely to certain image vehicles," he comments. "They've saturated the high-end magazines — *Vogue* and *Harper's Bazaar* — and they need to reach a larger market. They know they have to go into broader vehicles to move product."

The magazine started a push for more fashion advertising in March of last year. Since then, it has doubled its fashion coverage, jazzed up its presentation, added manufacturers' names for featured clothing or makeup and beefed up its merchandising capabilities. "*Cosmo* isn't a vertical fashion book or even a younger skew of *Glamour* or *Mademoiselle*," tells Bahrenburg. "But fashion is an important element in the *Cosmo* girl's life." Response has been so good that he aims for 500 fashion ad pages by 1988.

And then, making a bold, athletic play for "sexy, young, stylish" fashion is Conde Nast's *Self*. Eight years old, *Self* bridges the gap between fashion and service, speaking to the younger career woman who is committed to fitness of body and mind. As publisher J. Kevin Madden sells it, *Self* makes fashion more practical and personal: "If there's a new direction in fashion, we show it to her, but in a way she can personalize it. You'll never find a look in *Self* that you realize a woman couldn't walk in or sit in."

> "It's clutter. Some fashion magazines look like huge catalogs."
>
> ***June Leaman***
> ***Senior vice president, creative marketing,***
> ***Estee Lauder, Inc.***

That philosophy often translates into fashion layouts that feature more casual and athletic clothing. But the magazine doesn't ignore work wardrobes. Madden allows that "we are definitely competing with *Glamour* and *Mademosielle*. Again, they're more in the 250, 300 fashion ad page area, versus our 187 pages. But we are becoming a part of that world."

So are a whole host of others. The panopoly of choice both pleases and puzzles buyers.

So which ones get the nod? Demographic boundaries aren't a cinch to draw. Simmons 1985 data shows that for readers of *Vogue, Harper's Bazaar, Glamour* and *Mademoiselle* alone, the median incomes are within $1,500 of each other.

Also, low duplication makes it tough to cut magazines from the list. According to Simmons, the duplication between *Vogue* and *Harper's Bazaar* is only 14%, between *Vogue* and *Mademoiselle* only 13%, between *Vogue* and *Glamour* only 13%. On average, Simmons reports less than 15% readership duplication between the magazines. "There's a great homogenization in demographics," Galotti admits. "You *have* to look at the editorial difference."

For chic designers with limited budgets, that means buying "the few that are essential," as Amy Fruchtman, media director at Murray Salit & Associates, puts it. For manufacturer Ellen Tracy, Fruchtman buys *Vogue, Harper's Bazaar, ELLE* and *Town & Country*. At Ann Taylor, "there are only two choices: *ELLE* and *Vogue*," says media relations coordinator Linda Cronin. "We place from our gut. *ELLE* and *Vogue* have the highest quality color reproduction and paper. *Vogue* has higher circulation and the fashion label."

According to McCann-Erickson's Barry Marek, editorial environment is a 50% factor in a magazine buy for Cosmair's Lancôme line. His target: affluent, fashion-conscious women, ages 24 to 54. "The kind of woman a lot of these magazines can deliver," he says. "It calls for a psychographic plan. Our product isn't a necessity. We want people to relate it to what they're seeing." In addition to *Vogue, Mademoiselle, Harper's Bazaar, ELLE* and *Glamour*, he adds *Town & Country, Vanity Fair, Self*, then fills out the buy with *The New York Times Magazine*, the *Los Angeles Times Magazine* and *Texas Monthly*.

Status is not the only determinant for Gitano's John Amodeo. Since customers buy a bargain in Gitano, Amodeo actually avoids the books he calls status-oriented: *Town & Country, Vanity Fair* and *Harper's Bazaar*. His schedule runs in "everything from *Teen* and *Young Miss* right through to *Vogue* and *ELLE*." To reach "the large market of black women," Amodeo runs in *Essence*.

For other mass marketers, fashion buying requires packaged goods strategy. That's the approach Michael Calman, chairman of Calvin Klein's in-house CRK Advertising, takes for jeans. Calman starts with *Vogue, Harper's Bazaar, W, ELLE* and *The New York Times Magazine* — books where readers and retail managers shop for trends. Then come such lower-circulation books for the fashion-conscious as *Details* and *Interview*. Added for reach are *People, Cosmopolitan* and *Mademoiselle*.

The Christian Dior strategy is similar at Chiat/Day. To get monied, quality-conscious people in upscale markets, vice president, media director Bob Zach adds local magazines — *Chicago, D* and *The Los Angeles Times Magazine* — to a base of *Vogue, Harper's Bazaar* and *ELLE*.

As complicated as buying them can be, the fashion contenders eye a stable future. *Self*'s Kevin Madden sees the bright spot in increased conglomerate ownership of fashion houses and beauty manufacturers — which top the list for fashion-beauty advertising at all of the magazines. His reasoning is that these are the companies with the deepest spending pockets. As *Harper's Bazaar*'s Schrader points out, beauty advertisers have faith in advertising, and the money to spend.

> "The fashion industry needs broader vehicles for a wider market."
>
> ***D. Claeys Bahrenburg***
> ***Publisher,***
> **Cosmopolitan**

"I think there's room for all of them," confirms Elizabeth L. Hertan, senior media planner at AC&R Advertising, agency for Estee Lauder. Her belief springs from her buying. "We don't have to differentiate among the quality fashion-beauty magazines," she notes. "We feel we have to keep up a really preeminent presence in the fashion-beauty arena. We cover a broad spectrum. It takes all of them to reach who we want." ■

their voluntary contributions to fund a national program in 1985.

For 1985, Smith Burke & Azzam developed a media plan incorporating two network tv flights during the spring and fall. The spring flight was scheduled for three weeks at 110 HH rating points per week. The fall flight lasted four weeks at 100 HH rating points per week.

A recent state of the system report, delivered by Robert C. Hazard, Jr., president and CEO of Quality Inns International, detailed the 1985 results. Systemwide reservations volume increased 35% over 1984, topping all previous records. During the same period, industry-wide trends were flat, at best.

Revenues for the same period of time were 41% above 1984 levels. Room sales through the first eight months of 1985 exceeded 1984 sales by $91 million. Since the formation of the organization over 30 years ago, room sales through the central reservation system had exceeded $10 million in one month only one time and that was considered a milestone. In 1985, monthly room sales through the reservation system exceeded $10 million six times.

Traceable, quick results makes for a group of happy independent franchisees and corporate management team. As far as the advertising agency (Smith Burke & Azzam) is concerned, it demonstrated once again that they are, in fact, "Creators of advertising that works the next day," just as they position themselves to clients and prospects. ■

MAGAZINES

by Mary Ann Cunningham

Media planner, BBDO

CONSUMER MAGAZINES AND THE TOBACCO HABIT

If a ban on tobacco advertising were to materialize, the consequences would be devastating for a great number of consumer magazines. Specifically, the top 40 publications ranked by tobacco ad pages would stand to lose over $375 million in projected 1985 annual advertising revenues. To put that figure in perspective, it is more than the total advertising revenue of *TV Guide* or *Time*. In fact, it represents the combined advertising income of *Glamour*, *McCall's*, *Ladies' Home Journal*, *Playboy*, *Redbook* and *Life*. A revenue loss of this magnitude could force a number of today's marginally successful magazines out of business. Additionally, many other publications would have to alter their product dramatically to offset the loss of revenue. These changes would have a negative impact on millions of readers and a considerable number of advertisers.

IMPLICATIONS: The 1971 cigarette advertising ban on television caused a short-term decline in advertising revenues. However, television survived. The switch from 60-second to 30-second commercials as the basic unit of sale brought in new advertisers to soften the blow. Concurrently, the networks tightened their belts, cutting production costs by scheduling fewer original program episodes.

Many consumer magazines would be forced to employ similar tactics to compensate for less advertising revenue. Operating costs could be lowered by reducing the physical dimension of the magazine and decreasing the number of editorial pages. Furthermore, the quality of the paper stock could be lowered and color could be limited throughout the editorial product.

Print orders could be limited to reduce waste at the newsstand by targeting distribution exclusively to high population areas. More pick-up articles would be used, along with fewer staff writers and more freelancers.

Subscription and single-copy rates would be increased. Attempts would be made to stimulate advertising revenue by aggressively soliciting new advertisers. Emphasis on fractional space units could entice non-print advertisers. Also, there is the likelihood that some magazines would alter their current editorial mix to attract these new categories. Higher advertising costs would not be a reasonable alternative, but rather more attractive rate packaging would occur.

The extent to which each magazine would react would be subject to their individual revenue loss. Certain magazines such as *Good Housekeeping*, *Parents*, *Health* and *Reader's Digest* would benefit by comparison since they do not currently accept tobacco advertising. The following is intended to anticipate the extent to which specific magazines would be affected.

A ban on tobacco advertising could force a number of marginally successful magazines out of business.

FINANCIAL IMPACT: The top 40 magazines in terms of tobacco ad pages receive significant amounts of advertising revenue from the tobacco category. (See exhibit I). Tobacco advertising revenue as a percent of total advertising revenue ranges anywhere from 3% to 34% (1985). In the majority of cases, it represented over 10%. In fact, in 1984, publications such as *Parade*, *USA Weekend*, *Penthouse*, *Playboy*, *New Woman*, *US*, *Sport* and *Sporting News* received at least one-fifth of their advertising revenue from tobacco. Most of these books will finish 1985 with similar shares. It is interesting to note that the major weekly category alone realizes over $125 million in tobacco advertising revenue (1985 projected).

I-AD REVENUES FROM THE TOBACCO INDUSTRY BY MAGAZINE CATEGORY

	1984 JAN-DEC		1985 JAN – NOV (LATEST AVAILABLE DATA)	
GENERAL INTEREST	TOTAL ($000)	% AD REVENUE SHARE OF BOOK	TOTAL ($000)	% AD REVENUE SHARE OF BOOK
Ebony	3,631	11.2	2,979	8.5
Life	5,279	15.1	4,891	13.6
Money	4,882	8.6	3,209	5.6
Parade	39,845	25.4	38,944	22.1
Fam Wkly/USA Wkend	21,120	24.3	16,020	18.8
New York Times Mag.	3,832	3.5	3,150	3.2
HOME & HOME SERVICE				
Better Homes & Gdns	15,071	11.9	11,897	10.6
Country Living	2,348	14.7	2,455	12.5
House Beautiful	3,046	11.7	1,231	5.4
Metropolitan Home	2,091	15.1	1,649	12.8
MEN'S				
Penthouse	6,995	31.8	6,075	33.9
Playboy	10,978	20.0	9,897	19.6
MAJOR WEEKLIES				
Newsweek	27,676	11.2	19,044	8.6
People Weekly	29,877	12.8	24,907	11.5
TV Guide	36,948	12.8	32,615	11.2
Time	41,555	12.4	29,098	9.4
USN&WR	14,288	14.1	8,703	9.6
US (Bi-weekly)	3,914	47.7	2,262	33.7
WOMEN'S				
Cosmopolitan	7,610	8.0	6,903	7.5
Essence	1,541	11.5	1,305	9.3
Family Circle	16,274	12.5	10,424	8.4
Ladies' Home Journal	9,317	14.0	7,579	10.9
McCall's	10,707	14.0	7,692	10.6
New Woman	1,405	20.1	1,411	16.5
Redbook	8,036	15.1	6,822	13.3
Woman's Day	13,855	12.6	9,474	10.4
Working Woman	1,832	9.7	1,664	8.8
WOMEN'S FASHION/BEAUTY				
Glamour	5,753	8.2	5,704	8.1
Harpers Bazaar	2,751	8.8	2,222	7.7
Mademoiselle	2,450	6.8	2,631	8.3
Vogue	3,642	5.4	3,181	4.8
MUSIC				
Rolling Stone	4,100	18.2	4,678	18.6
SPORTS				
Sports Illustrated	30,135	13.1	26,903	12.5
Sport	2,793	26.5	2,826	27.3
Sporting News	2,001	26.4	2,137	29.3
EPICUREAN				
Bon Appetit	2,373	9.8	1,723	7.4
OUTDOOR				
Field & Stream	5,658	16.5	5,268	15.8
Outdoor Life	3,426	17.6	2,946	15.6
MECHANICS				
Home Mechanix	3,425	17.7	2,274	14.5
Popular Mechanics	4,049	14.9	3,001	11.3

Source: Folio: Ad Guide, 1985
LNA/PIB Magazine Advertising Analysis Service, 1985.

In order to understand the full financial impact of the ban, tobacco advertising revenue must be considered in the context of total revenue derived from advertising, subscription and newsstand sales (See exhibit II). By looking at the combination of the primary income source and amount of tobacco advertising from 15 selected

Weeklies alone realized over 125 million in tobacco ads in 1985.

magazines, the following conclusions can be drawn:

- High Advertising Revenue/High Tobacco Advertising: Publications that rely on advertising as their main source of revenue and carry a great deal of tobacco advertising will be hardest hit by the ban. Examples of magazines with this combination are *Parade* and *Sport*.
- High Advertising Revenue/Medium Tobacco Advertising: Publications that receive a fair amount of tobacco advertising but generate a large portion of total revenue from all other advertising will also be hurt. For example if a ban existed in 1984 *Time* magazine's loss would have been significant, over $40 million, roughly double their newsstand income.
- High Newsstand Revenue/High Tobacco Advertising: Those publications that earn the majority of their income from newsstand sales have less to fear. *Penthouse* carries a significant amount of cigarette advertising. However, due to its heavy single-copy sales, this accounts for only a small percentage of their total revenue.

An exception in this category is *US* magazine. In spite of a relatively large share of newsstand revenue, *US* magazine's share of tobacco advertising is large enough (11.7% of total 1984 revenue) that they would stand to suffer from the ban.

Although, this does not take into account actual profit margins from various revenue sources, the implications are that the financial health of several magazines would be jeopardized.

II - TOBACCO ADVERTISING SHARE OF TOTAL REVENUE—COMPARISON OF SELECTED PUBLICATIONS

PUBLICATION	1984 REVENUE									
	TOTAL REVENUE		ADVERTISING		SUBSCRIPTION		NEWSSTAND		TOBACCO	
	($000)	%	($000)	%	($000)	%	($000)	%	($000)	%
Ebony	$ 54,938	100.0%	$ 32,518	59.2%	$17,458	31.8%	$ 4,961	9.0%	$ 3,631	6.6%
Life	76,701	100.0	35,007	45.5	21,421	28.0	20,273	26.5	5,279	6.9
Parade	157,346	100.0	157,346	100.0	0	0	0	0	39,845	25.4
Better Homes and Gardens	204,949	100.0	126,134	61.5	69,052	33.7	9,762	4.8	15,071	7.4
Penthouse	169,142	100.0	22,025	13.1	5,918	3.5	141,199	83.4	6,995	4.2
Playboy	171,354	100.0	54,975	32.1	46,294	27.0	70,065	40.9	10,978	6.4
Newsweek	352,044	100.0	247,095	70.2	88,226	25.1	16,724	4.7	27,676	7.9
People Weekly	387,268	100.0	232,888	60.1	39,427	10.2	114,973	29.7	29,877	7.8
TV Guide	743,750	100.0	304,265	40.9	202,216	27.2	237,270	31.9	36,948	5.3
Time	540,742	100.0	335,589	62.0	183,741	34.0	21,412	4.0	41,555	7.7
US	33,533	100.0	8,199	24.5	7,417	22.1	17,937	53.4	3,914	11.7
New Woman	25,375	100.0	6,976	27.5	5,220	20.5	13,179	52.0	1,405	5.6
Redbook	92,662	100.0	53,095	57.3	27,692	29.9	11,875	12.8	8,036	8.7
Glamour	110,349	100.0	70,585	64.0	8,600	7.8	31,164	28.2	5,753	5.3
Sport	22,115	100.0	10,536	47.7	7,996	36.2	3,583	16.1	2,793	12.7

Source: The Folio: 400/1985; The Folio: Ad Guide/1985.

A tobacco advertising ban would cause turmoil within the publishing industry. A number of publications could go out of business and the financial climate would encourage fewer new magazine entries. Many other books would be forced to alter their product dramatically and, as a result, readers and advertisers would suffer. ■

NEWSPAPERS

by Frank Hajek

Associate media director, Dancer Fitzgerald Sample

THE RATE DIFFERENTIAL

Called up for a column this month, I had planned one on positioning of newspaper ads, but a late development dictates a change in signals. By the time you read this there will be more information available on the Wichita *Eagle-Beacon*'s announced elimination of the national vs. retail rate differential.

This column has a two-fold purpose. First, to give some exposure to a paper which breaks the rate differential spiral — positive reinforcement — and second, to temper whatever optimism this action might inspire.

Certainly the *Eagle-Beacon*, and Knight-Ridder newspaper sales to whatever degree they influenced the paper's decision, should be commended for tackling a major thorn in the side of national advertisers. It is very irritating to know that another advertiser, buying the same space on the same page at approximately the same discount, is paying a lower rate — and in the case of many major newspapers, a substantially lower rate. It contributes to national advertisers' feelings that they are in an adversary relationship with newspapers.

While the picture now appears brighter, there are still some clouds in the sunny sky. Of roughly 1,700 dailies, this adds just one more paper to the handful with no differential. An article mentioned that Knight-Ridder (and presumably other newspaper firms) would be watching this situation very closely. The implication is that if the experiment is successful, that is, if it generates incremental national advertising dollars, a trend to abolish the differential might take place.

Obviously that is a very big "if." How can one newspaper in the 59th-ranked ADI attract more national advertising all by itself? After all, the national advertiser selects a "medium" to carry his message. (A "medium" here defined is a form of message conveyance that is available in all places the advertiser selects to put his advertising; he needs a reasonable degree of geographic consistency.) In this context, newspapers are a "medium." The *Eagle-Beacon* isn't.

BRAND REPORT

NO. 131: COFFEE

JAVA'S JANGLED NERVES

MICHAEL OKAMOTO

by Carol Hall

To some, the nearly $6 billion U.S. coffee industry has about as much strength, as much verve as a cup of java brewed from thrice reused grounds. "It's a declining market and you should get what you can out of it — take the money and run, use it as a cash cow like the tobacco companies have done [with cigarettes]," says John Maxwell, an analyst with Furman Selz Mayer Dietz & Birney.

Yet, even with consumption continuing to fall and growth prospects looking spotty, the coffee business is one of the more fiercely competitive marketing arenas in the world of packaged goods. It is an industry populated by many regional roasters, but dominated by a handful of corporate giants. It is a business that's consolidating its players and one where share points are so hotly contested that marketers treat past strategies, not to mention future ones, like state secrets. But it is also a business that's making a concerted effort to market its way out of a sales slump. Coffee marketers are trying to force growth with new products and trying to change java's image by taking their appeals to young adults.

Coffee consumption has been slipping for over twenty years. Except for a slight upturn in 1984 — mainly due to a host of product launches — consumers have steadily cut consumption since the 1962 peak, when each American over the age of ten poured down 3.12 cups a day. In 1985, according to Business Trend Analysts Inc. (BTA), a market research firm, that rate had fallen off to 1.83 cups daily, a drop of over 40% from 1962.

The declines in consumption at all age levels are lead by people 20- to 24-years-old. They downed nearly 66% less in 1985, according to the International Coffee Organization, than people their age did in 1962. The most loyal coffee drinkers are adults 40- to 49-years-old, though their consumption is off by over 30% from 1962.

A number of influences are at work shaping coffee sales and marketing, but probably most important is the trend in the U.S. away from hot drinks in general. "People are moving towards cold and sweet drinks," explains Maxwell. "It's our fast way of living. They don't want to wait for things to cool down," he says, or take the time and effort to prepare them.

Enter the Pepsi Generation. According to a survey by the International Coffee Organization, 1985 marked the first year that soft drinks overtook coffee as the nation's favorite beverage. Soft drinks are now consumed regularly by 59.4% of the American public, versus coffee's 54.9%. Breakfast is now the only meal where coffee doesn't compete with soft drinks, and lifestyle changes have crossed that meal off the lists of quite a few people — especially younger ones.

Coffee's image has hurt it, too. For

COFFEE MARKETERS' MEDIA EXPENDITURES JANUARY-SEPTEMBER 1985 (000)

COMPANY/BRANDS	TOTAL	MAGS	NET TV	SPOT TV	OUTDOOR	SUNDAY MAGAZINES	NET RADIO	CABLE TV
GENERAL FOODS								
BRIM	$10,244.4	$674.9	$7,695.4	$1,331.3	–	–	–	$542.8
INTERNATIONAL COFFEES	11,233.5	1,803.9	5,869.5	2,849.4	–	–	–	710.7
MAXWELL HOUSE	24,108.9	1,007.00	17,277.2	3,412.1	2.0	483.8	271.5	1,969.0
SANKA	11,362.8	345.6	9,564.2	804.7	–	91.4	162.0	394.9
PROCTER & GAMBLE								
FOLGERS	31,656.3	–	21,111.5	9,156.9	–	–	533.0	854.9
HIGH POINT	4,133.7	–	3,388.9	546.9	–	–	–	197.9
NESTLE								
HILLS BROTHERS	3,536.9	1,224.8	–	3,528.3	8.6	–	–	–
NESCAFE	6,080.0	1,034.0	1,246.6	3,441.7	–	166.9	–	–
TASTER'S CHOICE	11,707.4	–	7,849.7	–	–	–	–	706.8
CHOCK FULL O'NUTS	*–		–	–	–	–	–	–

*No figures reported *Source: Leading National Advertisers; Newspaper figures for this period are not available.*

years it has been pegged an older-person's beverage, an idea reinforced by what one analyst describes as "the industry's old bags": the queen of "good coffee," Folger's Mrs. Olson, and Maxwell House's Cora. The fact that the ranks of older Americans are growing is something of an ace in the hole for coffee marketers. But with overall consumption still declining, they are anxious to create new coffee klatchers.

The industry as a whole, as well as individual marketers, is involved in this image make-over. In September 1983, the National Coffee Association of U.S.A. Inc. launched a one-year, $24 million generic ad campaign. Out to encourage 18- to 34-year-olds to join the java fold, it featured hip celebrities like comedienne Jane Curtin and author Kurt Vonnegut, and a slogan that proclaimed, "You are the new coffee generation . . . Join the coffee achievers."

The association thinks the campaign was effective and is planning a second wave of ads, currently in test, that will tell young adults: "Coffee — make a break for it." The $20 million campaign should go national later this year.

Marketers are themselves making a noticeable effort to shake off that older image. "There is an awareness among [coffee] marketers of the need to try to appeal to a younger audience," says Carolyn Ober, marketing services manager of Hills Brothers Coffee Inc. Ads, she says, are tending to be "more upbeat, more humorous. We're trying not to take ourselves so seriously."

"We have a new emphasis on reaching younger adults," states a spokesman for Procter & Gamble. The company, in 1984, retired Lauren Bacall as pitch person for the High Point brand, substituting the "Mom's relaxing moment" lifestyle campaign. Ms. Bacall, he says, "is a very mature adult and we're not *just* interested in targeting them." In addition, P&G, after twenty years, told Mrs. Olson to put down the Folger's and move on. General Foods got rid of Cora and her quaint Maxwell House-laden general store and the company no longer uses Robert *Father Knows Best* Young to pitch Sanka.

Of course, another major influence on the market is the nation's growing health-consciousness: It has a decreasing tolerance for caffeine. Though published findings on the dangers of caffeine are nothing like the cloud of bad publicity shadowing nicotine, rumblings are there nonetheless — and are loud enough to scare off a lot of consumers, especially younger ones.

One segment consumers are showing renewed interest in is ground roast coffees. While the flavor of fresh-brewed has always been touted as superior, consumers didn't want to take the trouble to make it. The advent of sophisticated coffee-making machines has changed that. Purchases of ground roast/whole bean accounted for nearly 24% of coffee sales in 1985, according to BTA.

Decaffeinated ground roast is also a growth segment, but this just echos the growing popularity of caffeine-free coffees in general. The segment was created by General Foods' Sanka about 60 years ago. "They made decaffeinated coffee mainstream," says Gary Stibel, a consultant at New England Consulting Group, "and they legitimized it to the point where it's a significant factor in the coffee market." Decaf has grown to where the segment now represents almost 20% of all coffee consumed.

Until the last five or six years, its sales plugged along as an odd-ball, fuddy-duddy brew for the elderly. But with increasing concern over caffeine, many more people of all age brackets prefer it. Since late 1984, nearly every major marketer has launched a new decaf or extended exisiting lines.

THE AMERICAN COFFEE DRINKER

	1962	1981	1982	1983	1984	1985
Cups per drinker per day	4.17	3.41	3.38	3.36	3.48	3.33
Percentage drinking	74.7	56.4	56.3	55.2	57.3	54.9

Source: International Coffee Organization, Winter Coffee Drinking Study 1985

CONSUMPTION BY TIME OF THE DAY

	Percentage share					Change	
	1962	1982	1983	1984	1985	1962 to 1985	1982-4 to 1985*
Breakfast	38	46	48	46	48	+10	+1
Other meals	31	19	19	18	16	−15	−3
Between meals	33	35	34	36	36	+3	+1
Total	100	100	100	100	100		

*These figures represent the change of data between 1985 and the average of 1982 to 1984.

Source: International Coffee Organization, Winter Coffee Drinking Study 1985

CONSUMPTION OF COFFEE AND OTHER BEVERAGES

	Pecentage drinking					Change	
	1962	1982	1983	1984	1985	1962 to 1985	1982-84 to 1985
Coffee	74.7	56.3	55.2	57.3	54.9	−19.8	−1.4
Tea	24.7	31.6	31.6	30.9	30.9	+6.2	−0.5
Milk	53.6	48.9	48.8	47.7	47.4	−6.2	−1.1
Soft drinks	32.6	52.9	55.1	57.1	59.4	+26.8	+4.4
Juices	41.4	44.5	44.6	45.7	45.5	+4.1	+0.5

Source: International Coffee Organization, Winter Coffee Drinking Study 1985

Specialty, or flavored coffees are another hope for this market's future, too. "Marketers are out there trying to find a new niche, a new way to grab consumers," says Walter Taylor, marketing manager at Chock Full O' Nuts. The market, which currently accounts for about 1% of the industry's sales, should grow, most agree, because it brings in people who aren't coffee purists. In that sense, it is the least coffee-like competitor in the coffee category. Its consumers are about 70% female.

Some, though, are skeptical of this line-extension explosion. For one thing, grocers are increasingly unlikely to fork over much more shelf space. As more stores install bar-code scanning machines, grocers are more able to get a reading on how profitable a product is for the amount of space it's allocated. Some think this could mean more marketing dollars will go towards fattening retailer discounts.

Others aren't sure new launches will bail out coffee sales for another reason. "Several manufacturers have done an excellent job at [coming up with] line extensions," notes Gary Stibel. "What they've failed at is coming out with genuinely new products — products like Lean Cuisine in frozen foods — products that are revolutionary rather than evolutionary. The new product work," he adds, "has been closer in rather than farther out."

The larger marketers rely heavily on tv commercials to move their brands. Traditionally, advertising in this category is heaviest in the colder months and, with women still the primary purchasers of coffee, concentrated in daytime slots. Most coffee producers also put marketing dollars towards couponing in newspapers, with free-standing inserts and via direct mail.

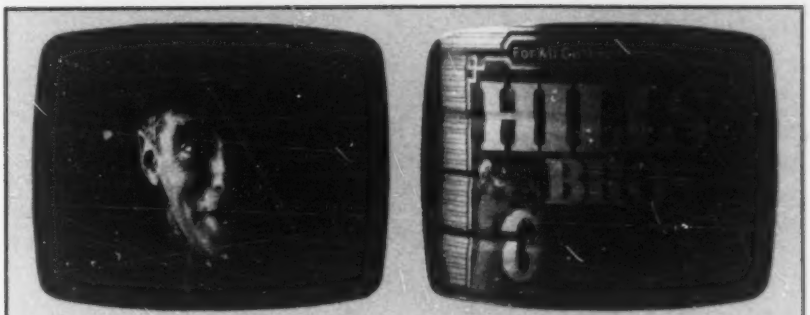
All the leading coffee manufacturers say that marketing plans are somewhat up in the air now due to the roller coaster ride coffee bean prices are on. Freezes are usually the problem but Brazil, which provides over 25% of the world's beans, has been experiencing a drought. This has jacked prices up 90% since July, the National Coffee Association reports. "The volatility of the marketplace might almost prevent somebody from making a sensible marketing plan," explains the association's William Brooks.

GENERAL FOODS

The dominant force in the coffee industry is General Foods, both in market share and the media dollars it pours over its grounds, instants and specialties. With 1984 coffee-brand expenditures of $88.8 million, Leading National Advertisers reports, General Foods locked up a 36.2% share of the regular coffee market, according to John Maxwell, and 44% of instant's.

For all Maxwell House lines — ground, instant, regular and instant decaf, and the richer Master Blend — the brand received $24.1 million in support through September of last year. The lion's share went to the network ads, created by Ogilvy & Mather, featuring the wandering photographer Hal and his faithful dog Duke. The agency has also put together a campaign for tv, newspaper inserts and coupons that plays off a "Star Wars"-type theme. According to Media Records, the 1984 newspaper total for the brand was $105,529; Radio Expenditures Report says $128,691 went to radio.

As the marketer of Sanka, General Foods' virtually owns the decaffeinated market. The brand raked in a 39.8% share in 1983, according to PaineWebber Inc. It's available in both ground and instant, segments in which it held a 4.4% market share and 10% share, respectively, in 1984, according



Elliott Gould pitches, aiming at women 25-54.

to Furman Analysts John Maxwell's figures.

Sanka, whose sippers are mostly 40+ years old, is heavily advertised on network tv. In 1984, the brand received $16.9 million in ad support for all media, according to LNA, and $11.3 million for the first nine months of 1985. In 1985, print buys included *Newsweek, Reader's Digest, Good Housekeeping* and *Southern Living*. Newspaper money totaled $750,485 in 1984, reports Media Records and radio advertising got $4,064 that year, according to Radio Expenditure Reports.

The company's "Fill it to the rim with Brim" slogan has helped give the company another strong contender in the decaffeinated arena. Brim had a 22.8% share in 1983. The first nine months of 1985 show $10.2 million for advertising, LNA says. Print ads appeared in *Better Homes and Gardens* and *Ladies' Home Journal* but, again, most ad money went to television.

General Foods also dominates the fledgling flavored-coffee market with its instant-only International Coffees. The brand held a 1.9% share of the instant market in 1984, Maxwell reports. The company has broadened the line, first available in sweetened flavors like Suisse mocha and cappucino, last year introducing a line sweetened with aspartame. It also recently launched a line of ground flavored coffees, called Le Cafe, available in tastes like cinnamon and amaretto. Its target audience skews a bit older, 25-40 years with a $30,000+ income, than International's 18-34 year olds.

The company put $11.2 million in ad dollars behind International Coffees for the first nine months of 1985, according to LNA, the bulk of it going to network television. Spokeswoman Carol Lawrence was long ago dropped and the current campaign has a decidely more lifestyle-oriented tone. One ad, for instance, features two 30-ish women remembering their high school prom together.

PROCTER & GAMBLE

Mrs. Olson left the Folger's fold in 1984. That same year Procter & Gamble launched the Cunningham & Walsh "The best part of wakin' up is Folger's in your cup" campaign, featuring younger people and bouncier music. Apparently people still think the brand's good to the last drop: Its share of the regular coffee market rose to 25% of the ground coffee market in 1984, up from 24.9% in 1983, according to John Maxwell. Its share of instants climbed to 13% in 1984 from 12.5% in 1983; the brand also weighed in with a decaffeinated variety in 1984.

Early in 1985, "Folger's Red Brick" was rolled out. It is a new form of packaging that wraps the ground roast in laminated plastic and foil. It's cheaper than cans and supposedly keeps the coffee fresher, longer.

Folger's, in all its variations — automatic drip, flaked, instant decaf, etc. — was backed with $31.6 million for the first nine months of 1985, according to LNA — the most of any brand. It received almost all of P&G's ad support in the last nine months. According to a company spokesman, far and away the bulk of the media dollars went towards spot and network buys. Daytime buys were most frequent, but some ads ran during the evening, as well. In an effort to "spread out our advertising dollars," P&G also ran a "Wakin' Up" campaign on the radio. The company hasn't used radio much in the past, but feels the jingle of this ad transfers well enough to do so.

P&G doesn't just promote Folger's with free-standing inserts and co-op trade advertising. Last year it started sponsoring "The Folger Coffee Machine" — a race car that appears on the circuit in the Southeast.

High Point decaffeinated coffee is P&G's other coffee entry, claiming an 11.7% share of that market in 1983, according to PaineWebber. It has never been a particularly strong performer for P&G. Observers speculate that if a shakeout comes as a result of the new decaffeinated coffees being introduced, High Point is a likely victim.

Lauren Bacall was pulled from the brand's campaign in 1984 and an all-

CONSUMERS OF DECAFFEINATED COFFEE BY SEX AND BY AGE

	Pecentage drinking				Change
	1982	1983	1984	1985	1982-84 to 1985
Total decaffeinated	**15.7**	**15.3**	**17.7**	**17.3**	**+1.1**
By sex:					
Males	13.2	13.7	15.5	15.8	+1.7
Females	18.0	16.9	20.0	18.7	+0.4
By age:					
10 to 19 years	2.0	2.5	2.5	1.7	−0.6
20 to 29 years	8.3	5.7	7.1	7.3	+0.3
30 to 59 years	18.9	19.1	21.7	21.0	+1.1
60 years plus	30.9	30.8	35.2	33.8	+1.5

*These figures represent the change between data for 1985 and the average of 1982 to 1984.

Source: International Coffee Organization, Winter Coffee Drinking Study 1985

American family — and the slogan, "Come away from the stress to a new High Point and relax . . ." — was substituted. Though the company reports it is doing small amounts of trade advertising, the agency on the account, Compton Advertising Inc., says that High Point has received no money at all for the last nine months. "We're looking into new ways to go with the brand right now," a Compton employee says. In 1984, it received a total of $14.7 million in ad support.

CONSUMPTION OF COFFEE, BY SEX

Cups Per Person Per Day

Year	Male	Female
1982	3.38	2.88
1982	2.06	1.75
1983	1.93	1.61
1984	2.10	1.80
1985	1.91	1.76

Source: International Coffee Organization, Winter Coffee Drinking Study 1985

NESTLE

Though Nestle S.A. took steps to correct the imbalance last year, the marketer is still without a nationally distributed ground roast brand at this writing.

But its Taster's Choice brand is a strong player in decaffeinated and regular instant categories. PaineWebber gives the decaf a 14% share in 1983 of the caffeine-free market; John Maxwell's figures give the regular instant a 9.7% share of its market in 1984.

In 1984, the company changed ad campaigns and, in contrast to what seems to be the trend towards "lifestyle" themes, dropped the more slowed-paced "Times like these are made for Taster's Choice" in favor of zippier ads emphasizing taste. According to LNA, Nestle spent $19.5 million on the brand in 1984 and $11.7 million in the first nine months of 1985 on the "Choice for taste is Taster's Choice" campaign. The line, including the newly introduced, richer Maragor Blend, was advertised in books including *National Geographic*, *People*, *Reader's Digest* and *Newsweek*. Tv ads for Maragor run on network evening news shows, among others.

In 1984 the company set out to boost sliding Nescafe sales with the Custom Blended line extensions. The line of two Nescafes — regular (now called Classic) and decaf — grew to four with the addition of Brava (stronger than regular) and Silka (milder). Out of McCann-Erickson/New York, the ads feature former *Untouchables* star Robert Stack as spokesman and the slogan: "Nescafe . . . taste your way."

The company backed the line with over $6 million in the first nine months of 1985, according to LNA. Print ads ran in *Better Homes and Gardens* and *Reader's Digest*, but the bulk of the budget went to television. Evening news shows were among the buys.

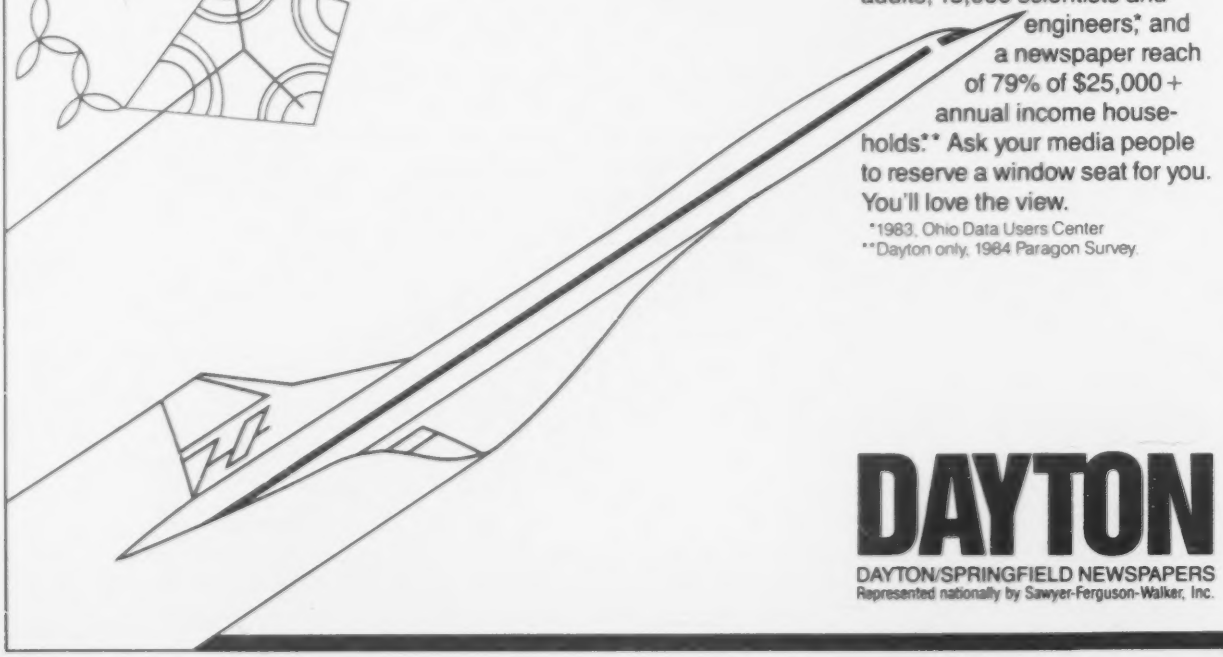
Intent on becoming a much stronger force within the coffee business, Nestle moved to close the gap between itself and bigger rivals last year, buying its way into the ground roast market. Early in 1985, Nestle bought Hills Brothers Coffee Inc., the third-largest

IF THIS IS YOUR VIEW OF DAYTON, OHIO

LOOK AGAIN

We're soaring sky-high. Dayton is high-tech. Dayton is high-income. And Dayton reads Dayton newspapers. We've got a first class market — 678,000 adults, 18,000 scientists and engineers,* and a newspaper reach of 79% of $25,000+ annual income households.** Ask your media people to reserve a window seat for you. You'll love the view.

*1983, Ohio Data Users Center
**Dayton only, 1984 Paragon Survey.



DAYTON

DAYTON/SPRINGFIELD NEWSPAPERS
Represented nationally by Sawyer-Ferguson-Walker, Inc.

coffee roaster in the U.S. (it had a 8.1% share of the market in 1984). It added smaller roaster MJB Co. last May.

The feeling among analysts is that Nestle will take Hills Brothers national very soon. But, according to Hills Brothers' marketing services manager Carol Ober, they are "still undecided about a roll-out. There is a very good chance that we will proceed — but in stages. It makes sense," she adds, "if you're in two-thirds of the country to be national." She says that Nestle currently doesn't have any input into Hills Brothers marketing plans.

Ober says that the brand's ad budget will jump by 25% in 1986. Though LNA reports a nine-month 1985 total of $3.5 million, Ober says the 1985 dollars actually totaled about $8 million, and that this year's will hit the $10 million mark. She says the budget is split, with about 90% going to spot tv, the other 10% to newspapers.

She says that figure is irrespective of a possible roll-out, reflecting instead line extensions the company recently launched. One of those is Hills Brothers Gold, ads for which feature actor Elliott Gould. Ober says the company pitches heavily to women 25-54.

The "heavenly coffee" can't match its competition in ad dollars.

CHOCK FULL O' NUTS

"We're in a market dominated by some real heavy-weights and we can't match them in dollars," comments Walter Taylor, marketing manager for the fourth-largest presence in the industry, Chock Full O' Nuts. As a result, he says, the company makes little use of tv or radio, putting a lot of its marketing emphasis on promotions such as couponing. Its target market is largely female, aged 25-49 years.

In 1984, Chock Full O' Nuts held a 5.3% share of the ground roasted market, according to John Maxwell. It also markets an instant and a decaf.

Though the company spends more ad dollars in stronghold markets, such as the New York City area, it is making an effort to spread the brand's name with two ads aimed at entry and established markets.

According to LNA, expenditures for 1984 totaled just over $800,000, most in spot tv. Media Records indicates newspaper dollars of $464,602 in 1984, with Radio Expenditure Reports showing a total of $375,160.

Chock Full O' Nuts is making a bigger effort to gain in the institutional side of sales, as are other marketers. Sales to food services and restaurants is something of a growth area for the industry due to the increased, out-of-home consumption of coffee. ■

THIS TOP 20 MARKET IS THE BEST BUY FROM TOP TO BOTTOM DOLLAR.

If you'd like to buy a top 20 market without paying for one, take a good look at Milwaukee.

Milwaukee's population places it 29th in the nation. But rank the MSAs according to adult newspaper readership, and Milwaukee rises to number 17.

That's because 76% of all Milwaukeeans read The Milwaukee Journal or Milwaukee Sentinel every day. No other newspaper combination delivers like that.

Call Wally Just, National Advertising Manager, at (414) 224-2472. And buy a top 20 market without spending your bottom dollar.

Source: 1985 Simmons – Scarborough Study

The Milwaukee Journal
Milwaukee Sentinel

THE MEDIA BUYING QUANDARY

STROH: BEST OF BOTH WORLDS

Recently, so-called mega-mergers have renewed discussions on the pros and cons of client in-house media buying activity. I believe that, like many of our business questions, there are some valid points for both sides of the argument.

First and foremost, media expenditures represent the single, largest advertising expense for any client. Understandably, clients feel that large yearly cost increases without any increase in media delivery is unacceptable. Concerns about how these monies are spent and, in particular, the spiraling costs which substantially exceed the inflation rate can force clients to make changes in marketing tactics. Coupled with the frustration of these cost increases is the fact that advertising agencies receive what amounts to a pay increase due to these inflationary rates without adding staff or increasing, in any substantial form, the media services to the client.

I am certain more than one advertiser has pondered the question, "Does the agency really want to stop price increases or even reduce them," when this action, in effect, precludes that agency from increasing their revenues and profit potential. I believe these are logical questions that any thinking client would ask themselves, and given the magnitude of the dollars, they will investigate the situation including any and all options.

On the other hand, bringing media buying in-house has the potential for some pitfalls. Not unlike the problems that occur when creative is brought in-house, you have difficulty in getting the appropriate talent, particularly because that talent may consider the in-house position, be it media or creative, as a no-growth opportunity.

Consequently, clients may have to pay excessive amounts to acquire the experience, expertise and creativity they need in media buying or become a media training ground in an area that they have moved in-house because of the importance of the expenditures.

Further, there is the concern that the in-house buying service becomes more a reflection of individual management prejudice rather than providing objective media expertise.

Last but not least, there is a strong argument that an agency or agencies, while working for a client in their product/service category, are also working for other clients in other categories developing media approaches that may be applicable across category lines. Agencies reading the marketplace can bring that leverage to bear on behalf of an individual client.

At the Stroh Brewery Company, we believe that by forming the corporate media department some two and half years ago, we developed the ability to address the legitimate concerns about the expenditures, and, at the same time, the opportunity to use the creative services and inherent leverages that an advertising agency brings to the party.

The facts are that we are active in both approaches to media purchasing with Stroh Media Services, a wholly-owned subsidiary of the Stroh Brewery Company, which purchases all of the cooperative advertising that the brewery does on a market-by-market basis, as well as the out-of-home activities and coordination of our corporate print buys to achieve the maximum discounts that are available.

At the agency level, we have BBDO as our agency of record for our national telecast purchases, but each brand agency handles its own spot purchasing, plus the recommendation and selection of print to the brand management.

Corporate media reads the marketplace, calls on the agencies for creative media concepts, and coordinates all media activities to maximize the buying leverage on behalf of the company.

My belief is that we have a right and obligation to police every advertising expenditure activity and, at the same time, take advantage of the diversification, experience and imagination that comes from our various agency media departments.

David C. Martin is vice president of corporate media for Stroh Brewery and executive vice president of Stroh Media Services, Inc.

Our readers tell us . . .

There is much talk and activity these days about the tendency of advertisers to do more of the media placement job for their brands themselves, rather than awarding the assignment to a full-service agency. Many companies, large and small alike, are establishing their own in-house media departments to do the job and/or are using a media buying service. We are trying to gauge how widespread a trend this is and the reasons for it.

1. Does your firm buy any media in-house?
   Yes 42.0% No 58.0%
   Base: 131

1a. If yes, which media are purchased?
   Newspapers 60.0%

THE FULL-SERVICE ADVANTAGE

To argue why full-service agencies are best equipped to handle advertiser's needs, I need to discuss the failings of other options.

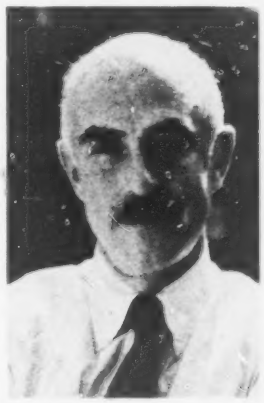
Clients establish in-house media departments on the premise that they will be more responsive and more efficient.

But are they really? In-house media groups exist in two forms: the full media department that has planning and buying duties, and the buying group that only executes the plan.

It is the rare in-house media group that can offer the experience necessary to stimulate the creativity of media people that makes for effective planning and buying. Too often, in-house groups do not even report to brand management and can be far less responsive than agency people whose livelihoods are on the line daily.

In-house groups do not offer the objectivity of an agency — the environment where fresh ideas are proffered without fear of rejection.

And what of protecting the client? An agency expert in the delicate art of broadcast negotiation is often the buffer to get the most for the money, without tarnishing a client's image.



As for cost cutting, many clients even admit that an in-house group may not save money.

Furthermore, the buying group, whether it's in-house or an outside service, often suffers from tunnel vision. The "I can get media cheaper" mentality ignores the value of planning and tight executions that are developed as part of a client's total communications plan.

Incidentally, the group may not even be able to get it cheaper. McCann has a perfect record in head-to-head efficiency comparisons, and I'm sure many of the major full-service agencies can make that claim. And McCann provides full and open accounting.

In summary, the full-service agency considers the communication of the ad message as a recipe where the ingredients are not as satisfying individually as they are together. The in-house media and inside and outside buying groups view the ingredients separately. While these challenges are born out of an advertiser's desire to save money, the full-service agency exists to make the most of that money.

Gordon Link is executive vice president, director of U.S.A. media at McCann-Erickson.

Magazines	72.7%
Network television	27.3%
Spot television	25.5%
Radio	32.7%
Outdoor	36.4%

Base: 55

2. Does your firm use a media buying service to buy any media?

Yes 9.9% No 90.1%

Base: 131

2a. If yes, which media are purchased?

Newspapers	38.5%
Magazines	30.8%
Network television	30.8%
Spot television	84.6%
Radio	61.5%
Outdoor	7.6%

Base: 13

3. If your firm does not presently buy media in-house or use a media buying service, is it considering doing either?

Yes 16.9% No 83.1%

Base: 65

3a. If "yes," which is it considering?

Starting an in-house buying operation	45.5%
Moving buying responsibility to a buying service	54.5%

Base: 11

3b. Is it likely the change will take place during 1986?

Yes 27.3% No 63.6%

N.A. 9.1%

Base: 11

3c. Please rate from 1 (not a prime consideration) to 10 (the deciding factor) your firm's reasons for considering a change.

	Average Rating
Greater control of placement	6
More creative placement	6
Cost savings	9
Increased clout	8
Better communications	6
Unified strategy	5

Base: 11

4. If your firm's present media buying is with a full-service agency, how would you appraise the job they do in strategizing, placing and negotiating media buys?

Excellent	26.4%
Good	55.7%
Fair	16.0%
Poor	1.9%

Base: 106

ECONOMIC EYE

RICHER MAGAZINES

Kevin Gruneich, vice president of research at First Boston, has lots of predictions regarding the magazine marketplace. Gruneich estimates magazine revenues should climb by 8% to 9% this year, a decided improvement over last year's lackluster 4.5%. But don't expect more than spotty improvements during the first quarter of 1986, Gruneich warns.

It won't be until well into the second quarter that magazines will again prosper, this analyst predicts. Magazine ad pages last year slipped by 3.3%, with business magazines showing the sharpest decline, off by 7.6%.

The magazine recovery should be stimulated by a healthy tv marketplace, he believes. "Led by very strong growth in spot and network tv at almost a double-digit rate, some of this money is bound to spill over into magazines. It should begin to have an effect soon," Gruneich forecasts.

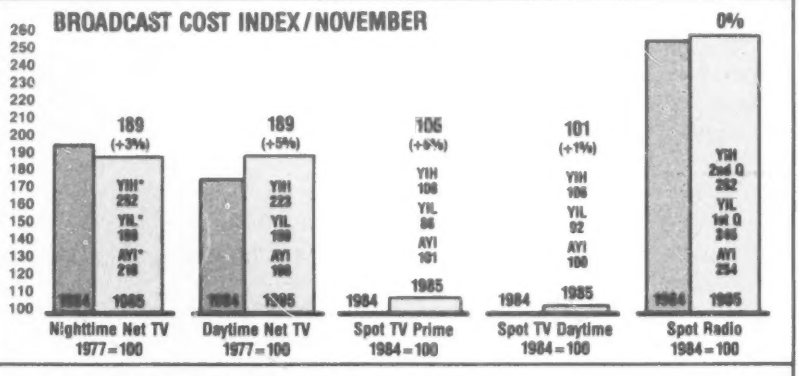
Consumer magazines should regain business first, outpacing specialty books, he notes, because of favorable trends in typically heavy ad supporters of this medium. Propelling the growth of consumer magazines is increased advertising by soft drinks and airlines, he explains. Loads of new soft drink products are flooding the market and airlines should be advertising more because of continued fare-cutting, Gruneich notes. Domestic travel, in particular, he points out, should be more competitive as overseas terrorism causes sharp increases in U.S. vacations.

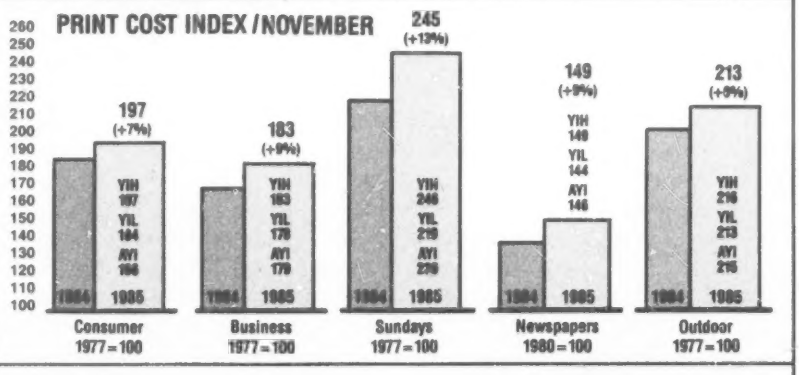
It could take longer for business magazines to regain their strength, Gruneich predicts, because of their particularly weak showing last year. *Business Week*, for example, was down 15% in pages and 8.5% in revenues and is still on a gradual decline the first quarter of the new year, he notes.

Rebecca Fannin

MAGAZINE AD SCOREBOARD	Ad Pages Jan. 1986	% change from Jan. 1985	Dollars spent (000)	% change from Jan. 1985
1. Skin care, Creams, Lotions and Oils	141.93	+30.46%	$ 4,572.0	+97.05%
2. Lip and Eye Beauty Products	45.67	+91.33	1,764.6	+251.28
3. Scents and Fragrances	39.94	+41.28	760.5	+43.33
4. Facial Makeup Products	32.57	-32.15	1,250.6	-.3
5. Liquor	186.81	-3.65	7,127.6	+4.4
6. Passenger Cars, Domestic	479.67	+30.99	21,067.2	+23.56
7. Passenger Cars, Imported	255.98	-19.5	11,432.0	-14.39
8. Cigarettes	574.81	-26.15	28,316.4	-17.9
9. Prepared Dinners and Entrees (including Pizza)	29.89	-10.0	1,375.3	-17.69
10. Soaps and Detergents	39.52	+12.46	2,665.8	+34.98

Source: Publishers Information Bureau as prepared by Leading National Advertisers





Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year. Percent change shows rate of change from the same month in previous year.

*YIH=Yearly index high *YIL=Yearly index low *AYI=Average 1985 index